

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SUBJECT Smuggling Methods in the Hong Kong-Macao Area

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IONS IN THIS REPORT ARE DEFINITIVE.  
OF CONTENT IS TENTATIVE.  
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1. In late 1952 smugglers bringing cargoes into Macao had to pay a bribe to the police on the Macao wharves in order to land their cargoes in Macao. Goods were smuggled on the regular steamers, and the process involved the following series of transactions:
  - a. Coolies who worked on the Macao docks and knew the details of handling illicit cargoes usually acted as liaison negotiators for the smugglers, arranging terms with the Macao water police and the Macao police inspector on the docks. These coolies were all members of the Lien I Association, an underworld society in Macao.<sup>1</sup>
  - b. Payment of the bribe, at the rate of HK \$150 for each basket unloaded, was made by the smugglers.
  - c. The illicit cargoes were delivered by the coolies to the clients, most of whom were operators of "two-percent outfits", who took orders from dealers who had large orders, or directly from Chinese Communist agencies. These firms then parceled out smaller orders to petty smugglers, thereby earning a middleman's profit of two percent or more.<sup>2</sup>

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5. Goods smuggled by the regular steamers were light articles, such as motor

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spare parts, electric tools, and radio apparatus. Prices of these goods and the rates charged for smuggling them were as follows in December 1952:

<u>Commodity</u>	<u>Smuggling Fees</u>	<u>Cost in Hong Kong</u>
Motor carburetors	17 percent	HK \$140 each
Motor brake leather	12 percent	
Motor piston rings	12 percent	
Ball bearings	20 percent	HK \$350 each
Motor spark plugs	12 percent	HK \$4 each
Electric drills (3/4")	17 percent	HK \$350 each <sup>5</sup>
Electric drill points	14 percent	HK \$8 per dozen
Saw blades	18 percent	HK \$18 per dozen
Wire recorders	14 percent	HK \$1,000 each

6. Metals and hardware were usually smuggled from Hong Kong to Macao on motor junks and fishing boats. The December 1952 prices for these materials, and the fees for smuggling them, were as follows:<sup>6</sup>

<u>Commodity</u>	<u>Smuggling Fees</u>	<u>Cost in Hong Kong</u>
Tin plates	70 percent <sup>7</sup>	HK \$2,300 per ton
Zinc sheets	85 percent <sup>7</sup>	HK \$1,600 per ton
Iron sheets	90 percent	HK \$1,100 per ton
Cut steel plates	100 percent	HK \$500 per ton
Wax	60 percent	HK \$1,400 per ton
Brass strips	50 percent	HK \$6,000 per ton
Mild steel plates	90 percent	HK \$1,500 per ton
Galvanized iron pipes	85 percent	
High-speed steel tool bits (3/4-inch)	25 percent	HK \$500 per dozen

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5. Daily Commodity Quotations, published in Hong Kong on 31 December 1952, listed Austrian 3/4-inch electric drills at HK \$480 per set.

6. Prices quoted in Daily Commodity Quotations for 30 and 31 December 1952 include the following:

Tin plate (per 200-lb case)	(English) HK \$132 (American) HK \$170
Zinc sheets (per picul)	(European) HK \$170 to \$240
Iron sheets (per pound)	HK \$0.70 to 0.75
Mild steel plate cuttings (per picul)	(old) HK \$25 to \$25 (new) HK \$37

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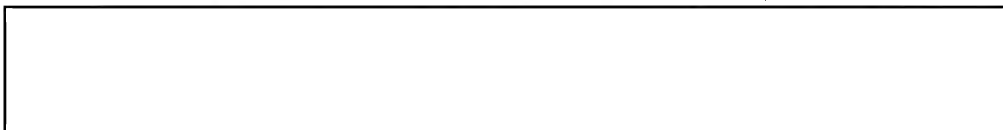
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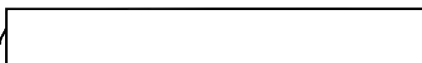
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Brass strips (per picul)	HK \$365 to \$510
Mild steel plates (per picul)	HK \$66 to \$90
High-speed steel tool bits (per dozen)	HK \$490
3/4-inch, British made	



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